(b) and (c) Do not arise in view of (a) above.

Foreign control over telecom sector

921. SHRI A. VIJAYARAGHAVAN: Will the Minister of COMMUNICATIONS AND INFORMATION TECHNOLOGY be pleased to state:

(a) whether increase in foreign direct investment in telecom sector from 49 per cent to 74 per cent may result in the foreign control of the telecom sector in the country;

(b) if so, whether the foreign control of telecom sectors in the country has been approved by the Parliament;

(c) if so, the details thereof; and

(d) if not, whether steps would be taken so that the above hike in foreign direct investment would be implemented after the approval of Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF COMMUNICATIONS AND INFORMATION TECHNOLOGY (DR. SHAKEEL AHMAD):(a) According to the new foreign direct investment (FDI) policy regime for telecom sector, foreign promoter(s)/investor(s) can hold up to 74 per cent equity in the telecom service providers as per details given in the Press Note No. 5 (2005 Series) issued by Department of Industrial Policy and Promotion Refer to [Statement question No. 919] whereupon ownership and control would be as per the provisions of the Companies Act. However, it has been prescribed that the majority Directors on the Board including Chairman, Managing Director and Chief Executive Officer (CEO) shall be resident Indian citizens, enforced through licence agreement. The appointment to these positions from among resident Indian citizens shall be made in consultation with serious Indian investors.

(b) to (d) In his Budget speech for the Budget 2004-05 on 08.07.2004, Finance Minister had proposed to raise the sectoral cap for FDI in telecommunication from 49 per cent to 74 per cent. The FDI policy for enhancement of FDI ceiling from 49 per cent to 74 per cent in the telecom sector has already been approved by the Government and notified *vide* aforesaid Press Note No. 5(2005 Series).